

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY**

In the Matter of )

) CC Docket No. 92-237

**Administration of the** )

**FCC Public Notice DA 96-678**

**North American Numbering Plan** )

**DOCKET FILE COPY ORIGINAL**

**COMMENTS OF TELCO COMMUNICATIONS GROUP, INC.**

Telco Communications Group, Inc. ("Telco"), by its undersigned counsel, hereby submits its comments in response to the Public Notice in this docket, DA 96-678 (released April 30, 1996) (the "PN"), in which the Commission requests that supplemental comments be filed on the appropriate length of the transition period for the expansion of Feature Group D ("FGD") carrier identification codes ("CICs").<sup>1</sup>

Telco is a switch-based provider of domestic and international long distance telecommunications services primarily to residential customers in the United States. A large part of Telco's business is the provision of "casual calling" services, in which customers dial a CIC code before dialing the number they are calling in order to access Telco's network. The majority of Telco's customers access its network in this fashion. Telco markets its long distance services through two subsidiaries under two separate brands, each with its own CIC code: Dial & Save (CIC 10457) and the Long Distance Wholesale Club (CIC 10297). Telco currently provides service in 37 states and the District of Columbia, and plans to expand to additional states by the end of this year.

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<sup>1</sup> The Commission issued a Notice of Proposed Rulemaking in this docket in 1994, in which comments on CIC code issues were accepted. Administration of the North American Numbering Plan, 9 FCC Rcd 2068 (1994)(NPRM).

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Telco has been providing casual calling services since November 1993, and its business has enjoyed both rapid and steady growth over the past two and one-half years.

In the PN, the Commission requests comments on the impact on the transition period of the following events: (1) the assignment of exclusively four digit FGD CICs already has begun; (2) there has been an unexpected increase in the demand for CICs, due to new uses for the codes recently discovered by the industry; (3) an even greater demand for CICs is expected with the anticipated increase in carriers entering the market as a result of the Telecommunications Act of 1996, Pub. L. 104-104, 110 Stat. 56 (1996)(the "1996 Act"), and (4) the local exchange carriers are now obligated to provide dialing parity under Section 251 of the 1996 Act.

Given Telco's extensive use of casual calling to bring cost efficient long distance services to residential consumers, Telco has a direct and substantial interest in the industry's use of and plans for FGD CICs. Telco also has first hand knowledge of the "new uses for the codes recently discovered by the industry" as noted by the FCC in the PN. Telco agrees with the Commission that "significant events have occurred" since the record in this proceeding closed in 1994, and, as detailed below, submits that those significant events warrant an extended transition period during which both three and four digit CICs will be recognized.

**I. NEW USES FOR CIC CODES, INCLUDING CASUAL CALLING, CALL FOR A MORE EXTENDED TRANSITION PERIOD**

**A. Casual Calling Is a Large and Rapidly Growing Segment of the Long Distance Market**

As recognized by the Commission, new uses for CIC codes recently discovered by the industry have significantly increased the demand for the codes. The use of CIC codes to reach a

preferred long distance carrier has recently gained significant exposure and customer acceptance, as evidenced by Telco's success in marketing casual calling through the Dial & Save and Long Distance Wholesale Club Brands. Although the use of casual calling has been in existence since the mid-1980's, only recently have Telco and other similar companies begun to aggressively pursue this market segment. Moreover, some of the larger carriers, such as AT&T Corp. and MCI Communications Corporation, have begun extensive marketing campaigns centered on customer use of CIC codes for other "dial-around" uses, such as "1-800 CALLATT" and MCI's "1-800-COLLECT."

The growth of casual calling services in the past few years has been extraordinary, even when considered in the context of the rapidly growing long distance industry. Telco is aware that there are five or six other companies, other than Telco, also providing casual calling, and estimates that casual calling services is a \$2 billion segment of the long distance industry, and still growing rapidly. Telco's own customer numbers are evidence of the rapid growth of casual calling services. As of March 1996, approximately 2.5 million unique telephone numbers have used Telco's CIC codes to access Telco's network in order to place long distance calls, amounting to approximately 2 1/2% of the residential customers in the United States.

The expanding use and obvious success of casual calling and other new uses for CIC codes is proof in the first instance of the public interest benefits of these new services. As the above figures demonstrate, clearly consumers are endorsing the services that can be accessed by dialing CIC codes. And as the use of CIC codes in this manner enables the consumer to easily access what is clearly its preferred carrier (surely the consumer would not choose to dial a particular carrier's CIC code if he did not wish to reach that carrier), the use of CIC codes can avoid many of the problems

that the Commission recently has been facing concerning unauthorized switching of consumer's preferred carriers and consumer confusion as to which carrier is in fact carrying its call. CICs allow customers to select their long distance carrier on an individual call basis, thereby fostering customer choice and increased competition in the long distance industry. As increased consumer choice and increased competition are the two primary goals of the 1996 Act, the Commission must be careful that action taken in this docket does not adversely impact on the achievement of those statutory goals.

**B. It is Incumbent on the Commission to Continue to Encourage the Growth of Casual Calling Services**

Telco submits that the continued widespread use and acceptance of CIC codes for casual calling and other similar uses clearly is closely tied to the increased recognition by consumers of specific CIC codes that the consumer associates with a particular carrier and a particular long distance service offering. Telco and other long distance carriers have invested substantial efforts and resources over the past few years to achieve such customer recognition of their specific CIC codes. For example, Telco widely advertises the Dial & Save and Long Distance Wholesale Club CICs through direct mail marketing campaigns which include the distribution of stickers that contain the Company's CICs. Additionally, the extensive television and radio advertising of the MCI and AT&T CIC codes is well known. Requiring carriers such as Telco who have been instrumental in achieving widespread customer acceptance of the use of CIC codes to now abandon the use of the specific numerical CIC code that has achieved such acceptance will negatively impact on continued customer use of CIC codes in the future and thus on the growth of casual calling services.

An extended transition period, however, will allow for an additional period during which consumers can continue to utilize the specific CIC codes that they have become accustomed to using (thereby solidifying customer endorsement of casual calling and other such services), as well as provide carriers with a suitable period in which to educate consumers about the new four digit codes. It is undeniable that the public will be inconvenienced by having to switch to a new CIC code to access desired services, and it is incumbent upon the Commission to minimize such customer inconvenience and thereby foster the continued growth of these new and beneficial services.

As is recognized in the PN, the use of CIC codes for casual calling and other dial-around services was not envisioned when the Commission issued its 1994 NPRM in this docket. In the NPRM, the Commission primarily stressed the use of CICs to enable local exchange carriers to provide access to long distance carriers, to bill access purchasers, and to route traffic. NPRM, at 2075. Thus, the Commission focused on the impact on inter-carrier relationships of an expansion to four-digit CICs, and not on the impact on carrier-end user relationships. For example, the Commission expressed concern about mandating "flash cut" conversion of industry switches and other equipment. Id. at 2076. And in tentatively concluding that a six year transition period was warranted, the Commission noted only that that amount of time would mean that less existing equipment would need to be retired prematurely, and hardships on pay phone providers, manufacturers, and PBX users would be reduced. Id. at 2077. No mention was made, however, of the impact on end user consumers of having to become accustomed to dialing additional digits to access desired services; the impact on interexchange carriers of having to re-educate and persuade consumers to use a new code in order to access their preferred long distance carrier; or the impact

on the growth of the casual calling industry of having to abandon the use of existing three digit codes that already have achieved customer acceptance.

The Commission now must take the interests and needs of end user consumers into account, as well as the increased costs that interexchange carriers such as Telco will incur to reeducate consumers and conform its advertising and marketing. While the need to minimize the costs incurred from having to extensively modify existing equipment, as recognized in the NPRM, remains an important concern, Telco submits that the length of the transition period should be adjusted to accommodate these additional factors as well. Telco suggests that an extended transition period, at minimum 12 years, commencing when a final decision is rendered by the Commission in this docket, would allow affected end user consumers to gradually adjust to the use of new CICs and the dialing of additional digits, and would allow carriers to gradually absorb the advertising, marketing, and other administrative costs required to achieve consumer acceptance of new codes.<sup>2/</sup> Moreover, regardless of the length of the transition period that is adopted, the Commission should consider grandfathering existing active three digit codes as a means of minimizing the impact on carriers that extensively rely on a specific numerical code.

The Commission also must take into account the impact on the casual calling industry as a whole of a short transition period. As demonstrated herein, this segment of the industry is enjoying

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<sup>2/</sup> Telco is concerned about the statement in the PN that "the transition period has begun." Telco recognizes that three digit codes have been exhausted and the assignment of four digit CICs has begun, but that certainly does not mean that a transition period, with a specific expiration date, has in fact commenced or even been announced. To date, the Commission has not adopted a specific "transition period" on the record in any final decision. Therefore, whatever transition period the Commission now adopts must be deemed to commence as of the date that any new Commission order becomes final, and not on some earlier date, such as the date on which four digit codes first began to be assigned.

impressive growth and success. Such growth should be encouraged and fostered by the Commission, and not stunted by regulatory action that will have a serious adverse impact on the industry.

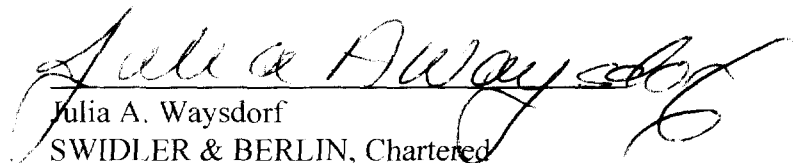
## **II. NEW CARRIERS WILL NOT BE PREJUDICED BY AN EXTENDED TRANSITION PERIOD**

Telco recognizes that the need for CIC codes for new services and new carriers also must be accommodated. That need already is being met, however, by the commencement of assignment of the new four-digit codes. Expansion to four digit codes will provide sufficient codes to meet increased demand by new carriers entering the market. But such new carriers do not need a transition period to accustom either themselves or their customers to the use of a new code. Unlike Telco and other carriers that have worked hard to achieve customer acceptance of a specific three digit code that is associated with a specific carrier, new carriers that are assigned four digit codes will not be prejudiced by the additional digits. These new carriers are not already linked with a specific numerical code and thus neither the carrier or its customers will have to incur the expense and inconvenience that Telco and its customers will experience. Telco is aware that certain carriers have argued that four digit CICs place the carrier at a disadvantage because of the need to dial additional digits, but Telco submits that any such "disadvantage" has not been sufficiently quantified to date. Nor is any such purported disadvantage sufficient to override the administrative costs to companies such as Telco that rely extensively on their existing CIC codes. Telco therefore respectfully submits that, on balance, an extended transition period will meet the needs of the public and of affected carriers, without impacting on other industry participants.

### III. CONCLUSION

For the foregoing reasons, Telco respectfully requests that the Commission adopt an extended transition period, at minimum 12 years, during which three digit CIC codes would continue to be recognized.

Respectfully submitted,



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